SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1925

No. 404

THE UNITED STATES, APPELLANT

vs.

THE ST. LOUIS, BROWNSVILLE & MEXICO RAILWAY COMPANY

APPEAL FROM THE COURT OF CLAIMS

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1 In Court of Claims of the United States

No. 236–A

THE ST. LOUIS, BROWNSVILLE & MEXICO RAILWAY COMPANY

vs.

THE UNITED STATES

I. *Petition*

Filed August 1, 1921

To the Honorable, the Chief Justice and Judges of the Court of Claims:

Your petitioner, the St. Louis, Brownsville & Mexico Railway Company, respectfully represents as follows:

I

Your petitioner, a corporation, owns and operates and at the times hereinafter mentioned owned and operated a line of railway extending from Houston to Brownsville, in the State of Texas, being a part of the system of railways known as the Gulf Coast Lines. Your petitioner as a common carrier, and in connection with other railroad carriers, is engaged in the transportation of passen-
2 gers and freight for hire, and has established tariffs for such transportation, which are duly published and filed with the Interstate Commerce Commission in accordance with law.

II

In June, 1916, in connection with other carriers, your petitioner transported for the United States Government, pursuant to government bill of lading No. 362, dated June 28, 1916, from Springfield, Illinois, to Brownsville, Texas, five (5) cars of horses, twelve (12) cars of wagons, and ten (10) cars of "camp equipment." For the said transportation your petitioner in due course submitted its bill No. 914–a, in the sum of $12,370.40, which was paid December 15, 1917. Subsequently the Auditor for the War Department determined that the said payment to your petitioner had been erroneously made, and deducted the whole amount thereof from compensation earned and due your petitioner for other and different transportation service, per Treasury Certificate 50644, dated February 7, 1920. The said action of the Auditor for the War Department was based upon decisions of the Comptroller of the Treasury of June 18, 1918 (No. 27942), and July 25, 1918 (No. 27963), holding that one carload of freight was entitled to go free, as a special baggage car, with each twenty-five passenger fares.

Your petitioner avers that the correct amount lawfully due for the said transportation was $5,881.53, based upon your petitioner's lawful tariff rates, to wit, as published in Southwestern Lines Tariff 1–J, I. C. C. 107; Southwestern Lines Tariff 29–U, I. C. C. 1121; and Southwestern Lines Exception 1–G, I. C. C. 1121, item 1468; the computation thereof being as follows:

3

Current basis			Cents per #	
		Springfield	100	
5 cars horses	120,000	Cairo	$9.56	$114.72
	188,230	South	56.72	1,067.64
Car rental				200.50
12 cars wagons	144,000	Through	83.24	1,198.66
10 cars camp equipment	300,000	Through	110	3,300.00
Total				$5,881.52

III

In July, 1916, in connection with other carriers, your petitioner transported for the United States Government, pursuant to Government bill of lading No. WQ–1, dated July 8, 1916, from Yonkers, New York, to McAllen, Texas, certain gun carriages, limbers, horses, vehicles, and other troop and camp impedimenta. For the said transportation your petitioner in due course submitted its bill No. 1369-a in the sum of $6,401.34. The said bill was subsequently restated in the sum of $2,650.87, and was disallowed in full by the zone finance office (file 554–4–T. S. Johnston, War Department voucher 1548, January, 1918). The said disallowance was based upon decisions of the Comptroller of the Treasury June 18, 1918 (No. 27942), and July 25, 1918 (No. 27963), holding that one carload of freight was entitled to go free, as a special baggage car, with each 25 passenger fares.

Your petitioner avers that the correct amount lawfully due for the said transportation was $2,650.87, based upon your petitioner's lawful tariff rates, to wit, as published in Southwestern Lines

4 Tariff I–j, I. C. C. 107; Southwestern Lines Exception 1–G, I. C. C. 1121, item 1463; Western Classification No. 53; and Pennsylvania Railroad Tariff I. C. C. 6879, governed by official classification No. 44.

IV

In April and May, 1919, in connection with other carriers, your petitioner transported for the United States Government, pursuant to Government bills of lading Nos. 3179, 80178, 79922, 70611, 2941, 2942, 2940, 2939, and 1830, from eastern points to stations on your petitioner's line, certain sheeting, lumber, and troops and camp impedimenta. For the said transportation your petitioner in due course submitted its bill No. 1629-a in the sum of $2,256.65. In making settlement for the said transportation the Auditor for the War Department by his certificate No. 50687 of February 9, 1920,

disallowed the sum of $2072.72, his said action being based upon decisions of the Comptroller of the Treasury of June 18, 1918 (No. 27942), and July 25, 1918 (No. 27963), holding that one carload of freight was entitled to go free, as a special baggage car, with each twenty-five passenger fares.

Your petitioner avers that the correct amount lawfully due for the said transportation was $2,256.65, based upon your petitioner's lawful tariff rate, to wit, as published in Southwestern Lines Tariff 1–j, I. C. C. 107, and Southwestern Lines Exception 1–G, I. C. C. 1121, item 1468.

5 V

In July, 1916, in connection with other carriers, your petitioner transported for the United States Government, pursuant to government bills of lading dated July 11, 1916, from Green Haven, New York, to McAllen, Texas, and on July 2, 1916, from Brownsville, Texas, to McAllen, Texas, certain troop and camp impedimenta. For the said transportation your petitioner in due course submitted its bill R–2261–A, in the sum of $1316.67. In making settlement for the said transportation, the Auditor for the War Department, by his certificate No. 597991/2, dated February 10, 1921, disallowed the sum of $786.03, his action being based upon decisions of the Comptroller of the Treasury heretofore referred to in paragraphs 2, 3 and 4 of this petition.

Your petitioner avers that the correct amount lawfully due for the said transportation is $1316.67, based upon your petitioner's lawful tariff rates, to wit, as published in Southwestern Lines Tariff 1–J, I. C. C. 107, and Southwestern Lines tariff, 29–U, I. C. C. 1121, Exceptions 1–G, item 1468.

VI

In October, 1916, in connection with other carriers, your petitioner transported for the United States Government, pursuant to government bill of lading, dated October 11, 1916, from Rifle Range, Colorado, to Brownsville, Texas, and from Denver, Colorado, to Brownsville, Texas, certain troop and camp impedimenta. For the
6 said transportation your petitioner in due course submitted its bill No. 3246–A, in the sum of $3,486.78. In making settlement for the said transportation, the accounting officers of the Government disallowed the said bill in full, such action being based upon decisions of the Comptroller of the Treasury heretofore referred to in this petition. Your petitioner avers that the correct amount lawfully due for the said transportation was $3,508.02, based upon your petitioner's lawful tariff rates, to wit, as published in the following tariffs:

Denver and Intermountain Tariff, 6D, I. C. C. 20.

Southwestern Lines Tariff, 14–B, I. C. C. 1123 (Horses).

Southwestern Lines Tariff, 29–U, I. C. C. 1121, Supplement 1, item 1278 (Horses).

Southwestern Lines Tariff, 14–B, I. C. C. 1123 (Camp Equipment).

Southwestern Lines Tariff, 14–B, I. C. C. 1123, item 4352 (Wagons).

Southwestern Lines Tariff, 32–Q, I. C. C. 1151 (Hay).

Southwestern Lines Tariff, 32–Q, I. C. C. 1151 (Oats).

VII

In November and December, 1917, in connection with other carriers, your petitioner transported for the United States Government, pursuant to government bills of lading Nos. 257, 361 and 363, dated November 30, December 1, and December 1, 1917, respectively, from Fort Riley, Kansas, to McAllen, Texas, certain horses, wagons, and troop and camp impedimenta. For the said transportation your petitioner, in due course, submitted its bill No. 5888–A, in the
7 sum of $8,743.45. For the said transportation, settlement was made by the zone finance office, file 554–4–T–T. B. Johnston, voucher 3451, but subsequently the accounting officers of the Government disallowed the full amount, and deducted from your petitioner's bills No. G–2107, 2111, and 2218, subsequently rendered for other and different services, the full amount of all payments which had been made for the transportation herein referred to, the said action of the accounting officers being based upon the decisions of the Comptroller of the Treasury heretofore referred to.

Your petitioner avers that the correct amount lawfully due for the said transportation was $8,953.09, based upon your petitioner's lawful tariff rates, to wit, as published in Southwestern Lines Tariff 42–N, I. C. C. 1173, subject to western classification No. 54, and Southwestern Lines Exception Circular No. 1–G.

VIII

In December, 1917, in connection with other carriers, your petitioner transported for the United States Government, pursuant to Government bills of lading No. WQ–364, 356, and 355, dated December 1, 1917, from Fort Riley, Kansas, to Sam Fordyce, Texas, certain horses, wagons, and troop and camp impedimenta. For the said transportation your petitioner in due course submitted its bill No. 5892–A, in the sum of $8,695.73, which was paid in March, 1918, by the zone finance office (File 554–4–1–T. B. Johnston, voucher 5871). Subsequently the Auditor for the War Department determined that the said payment to your petitioner was erroneously made,
8 and deducted the whole amount thereof from compensation earned and due your petitioner for other and different transportation service, per Treasury Certificate No. 51241, dated February 24, 1920. The said action by the Auditor for the War

Department was based upon decisions of the Comptroller of the Treasury heretofore referred to in this petition.

Your petitioner avers that the correct amount lawfully due for the said transportation was $8,695.73, based upon your petitioner's lawful tariff rates, to wit, as published in Southwestern Lines tariff 42-N, I. C. C. 1173, subject to western classification No. 54, and Southwestern Lines Exceptions Circular No. 1-G.

IX

Your petitioner avers that the property shipped on the said bills of lading, as above stated, was not and could not lawfully have been carried in baggage cars, and was in no sense baggage within the common and known meaning of that term, or as used in your petitioner's published tariffs or those of its connecting carriers, but that the said property consisted entirely of camp and troop equipment or "impedimenta," including among other things, wagons, guns, limbers, horses, kitchen outfits, ammunition, forage, and similar property, and that the action of the accounting officers of the United States Government in disallowing your petitioner's bills rendered for such transportation service, based upon your petitioner's lawfully published tariffs, and in refusing payment to your petitioner, was and is illegal.

9

X

Your petitioner further avers that the said disallowances and the attempted application of special baggage car tariffs were erroneous and improper by reason of the provisions of certain agreements entered into between your petitioner and other railroad carriers and the United States Government on the subject of fares and allowances for the transportation of military traffic, to wit, an agreement referred to as western military arrangement, dated April 1, 1916, effective July 1, 1916, and (2) an agreement referred to as interterritorial military arrangement, dated December 28, 1916, effective January 1, 1917. The said interterritorial military arrangement, effective January 1, 1917, included the following:

"III

"Traffic Covered by this Arrangement

"The net fares allowances and routes in connection therewith, authorized hereunder, are applicable exclusively for the transportation of officers and enlisted men and others connected with the United States Army, United States Navy and United States Marine Corps, for whom the United States is lawfully entitled thereto, and when traveling on transportation requests of the issues of the United States Army, United States Navy and United States Marine Corps and at United States Government expense only.

"IV

"Net Fares and Allowances

"(1) (a) The fares applicable under this arrangement will
10 be the lawful commercial fares as on file with the Interstate Commerce Commission from starting point, to destination at time of movement (see exceptions, Section V), less lawful land-grant deductions properly established, less five per cent (5%), the five per cent allowances not to exceed the maximum allowances or exceptions as specified in Section VI. Government fares so established will apply to all military traffic as described in Section III, including special train and special car movements as well as individual and party movements (see Section XI).

"(b) Proportions will not be used in any case in the construction of fares.

* * * * * * *

"XV

"Baggage

"(1) One hundred and fifty (150) pounds of personal effects, properly checkable as baggage, under the tariff of the initial carrier, will be transported without charge for each person. Personal baggage in excess of the free allowance stated when provision for the transportation of the excess baggage is specially made in United States Army, Navy, or Marine Corps transportation requests and is paid for by the United States Government, will be charged for at the regular excess baggage rate, based upon the net individual fare. When provision is not made in the transportation request for the transportation of excess baggage, collection will be made from the traveler at the regular commercial rate for weight in excess of the free allowance stated. Excess baggage charges will not be subject to allowances applicable in connection with the fares for tickets under this arrangement. Baggage regulations in other
respects than above will be in accordance with the tariff of
11 the initial carrier checking the baggage in each case.

"(2). Company, battalion, regimental or Government property is not included in the above."

The said interterritorial military arrangement was an agreement proposed by and executed by the authorized representatives of the carriers throughout the United States, and accepted and executed on behalf of the United States by the Quartermaster General of the Army, United States War Department, the Chief of the Bureau of Navigation, United States Navy Department, and the Quartermaster, United States Marine Corps. Your petitioner and all connecting carriers participating in the movements herein referred to were parties to the said agreement.

XI

That the total sum of $32,547.98, is now justly due and owing your petitioner from the United States as aforesaid.

XII

Your petitioner avers that no action has been had on this claim by Congress or by any of the executive departments of government other than as above stated; that there exists no debt, counterclaim, or set-off by which the said claim may or should be reduced; that no part thereof has been paid; that the said claim has not been assigned in whole or in part; that your petitioner is a citizen of the United States and has at all times borne true allegiance to the
12 Government of the United States, and has not in any way voluntarily aided, abetted or given encouragement to rebellion against the said Government.

Wherefore the premises considered, your petitioner prays judgment against the United States in the sum of thirty-two thousand five hundred forty-seven dollars and ninety-eight cents ($32,547.98).

THE ST. LOUIS, BROWNSVILLE AND
MEXICO RAILWAY COMPANY,
By J. S. PYEATT, *President.*

[Sworn to by J. S. Pyeatt, jurat omitted in printing.]

13 II. *General traverse*

October 1, 1921

No demurrer, plea, answer, counterclaim, setoff, claim of damages, demand, or defense in the premises having been entered on the part of the defendant, a general traverse is entered as provided by Rule 34.

III. *History of proceedings*

On March 3, 1924, this case was submitted on merits, on stipulation of parties without argument, by Messrs. Britton & Gray, for the plaintiff, and by Mr. Perry W. Howard, for the defendant.

On June 2, 1924, the court filed an order referring this and other similar cases to George M. Anderson, commissioner, to ascertain and report the facts, and leave was granted to both sides to file exceptions to said report.

On July 31, 1924, the said special commissioner filed his report and findings of fact.

On October 13, 1924, the plaintiff, by leave of court, filed a brief on the findings of fact reported by commissioner.

IV. *Submission of case on report of special commissioner*

On October 29, 1924, this case was submitted on the report of the special commissioner, without argument, by Messrs. Britton & Gray, for plaintiff, and by Mr. Perry W. Howard, for defendant.

14 V. *Findings of fact and conclusion of law*

Filed January 5, 1925

This case having been heard by the Court of Claims upon the report of the special commissioner and the evidence, the court makes the following

Findings of fact

I

The plaintiff, a corporation, owns and operates and at the times hereinafter mentioned owned and operated a line of railroad extending from Houston to Brownsville, in the State of Texas, being a part of the system of railways known as the Gulf Coast Lines. The plaintiff is a common carrier, and, in connection with other railroads carriers, is engaged in the transportation of passengers and freight for hire and has established tariffs for such transportation, which are duly published and filed with the Interstate Commerce Commission as required by law.

II

At the time of the transportation hereinafter mentioned there were in force on the lines of the plaintiff company and other railroad carriers with which it connected, being the carriers who furnished the transportation hereinafter mentioned, certain special baggage car tariffs covering the territory through which the said troops and military impedimenta were moved, which stated in substance and effect the terms and conditions upon which associated travelers traveling on one ticket might become entitled to a baggage car free for the transportation of certain of their effects, on the basis generally of one car free to each twenty-five passengers.

III

Prior to July 1, 1916, the plaintiff, with other railroad carriers of the United States, entered into certain agreements with the United States Government on the subject of fares and allowances in connection with the transportation of military traffic, including the following:

15 "Revised military arrangement (Army), signed on behalf of the carriers by their duly authoritzed agents and on behalf

of the United States by the Quartermaster General of the Army; which was in effect from January 1, 1915, until July 1, 1916;

"Revised western military arrangement, dated April 1, 1916, signed on behalf of the carriers by their duly authorized agents and on behalf of the United States by the Acting Quartermaster General of the Army; which was in effect from July 1, 1916, to December 31, 1916;

"Interterritorial military arrangement 1, dated December 28, 1916, signed on behalf of the carriers by their duly authorized agents and on behalf of the United States by the Quartermaster General of the Army; which was in effect beginning January 1, 1917, and until December 31, 1920."

The said western military arrangement, effective January 1, 1915, and revised western military arrangement, effective July 1, 1916, contained among other provisions the following:

"One hundred and fifty (150) pounds of personal effects of officers and men properly checkable as baggage will be transported without charge for one person, but this does not include company, battalion, regimental, or Government property. Personal baggage in excess of the weight stated, when provision for transportation of same is specifically made in U. S. Army, U. S. Navy, or U. S. Marine Corps transportation request, will be charged for at the excess baggage rates less lawful land-grant deductions.

"When company, battalion, regimental, or Government property is moved on passenger trains it shall be subject to adjustment for each movement."

The said interterritorial military arrangement, effective January 1, 1917, contained among other provisions the following:

"III

"Traffic covered by this agreement

"The net fares allowances and routes in connection therewith authorized hereunder are applicable exclusively for the transportation of officers and enlisted men and others connected with the United States Army, United States Navy, and United States Marine Corps, for whom the United States is lawfully entitled thereto, and when traveling on transportation requests of the issues of the United States Army, United States Navy, and United States Marine Corps and at United States Government expense only.

"IV

"(1) (a) The fares applicable under this arrangement will be lawful commercial fares as on file with the Interstate Commerce Commission from starting point to destination at time of movement (see exception, Section V), less lawful land-grant deductions properly established, less five per cent (5%), the five per cent allow-

ance not to exceed the maximum allowances or exceptions as specified in Section VI. Government fares so established will apply to all military traffic as described in Section III, including special-train and special-car movements, as well as individual-party movements (see Section XI).

"(b) Proportions will not be used in any case in the construction of fares."

* * * * * * *

"XV

"Baggage

"(1) One hundred and fifty (150) pounds of personal effects, properly checked as baggage, under the tariff of the United States carrier, will be transported without charge for each person. Personal baggage in excess of the free allowance stated when provision for the transportation of the excess baggage is specially made in United States Army, Navy, or Marine Corps transportation requests and is paid for by the United States Government will be charged for at the regular excess-baggage rate, based upon the net individual fare. When provision is not made in the transportation request for the transportation of excess baggage, collection will be made from the traveler at the regular commercial rate for weight in excess of the free allowance stated. Excess baggage charges will not be subject to allowances applicable in connection with the fares for tickets under this arrangement. Baggage regulations in other respects than above will be in accordance with the tariff of the initial carrier checking the baggage in each case.

"(2) Company, battalion, regimental, or Government property is not included in the above."

IV

At various times in 1916 and 1917 the plaintiff, in cooperation with other carriers whose lines connected with the plaintiff's lines, transported upon Government bills of lading, as freight, numerous shipments of camp equipment and military impedimenta, the property of the United States, including wagons, guns, limbers, horses, kitchen outfits, ammunition, forage, and miscellaneous property of similar character.

V

For the said transportation the plaintiff, as final and delivering carrier, submitted bills to the proper officers of the Government, which said bills were based and computed upon the plaintiff's lawfully published tariff rates, less land-grant proportion. In the settlement of the said bills the disbursing and accounting officers of the Government made numerous disallowances and deductions, on the ground that the Government was entitled to the use of one bag-

gage car free with each 25 men transported in the accompanying movement of troops upon the authority of the special baggage car tariffs referred to in Finding II, supra. The said action of the disbursing and accounting officers of the Government was based upon the decisions of the Comptroller of the Treasury of June 18, 1918, July 25, 1918, and October 31, 1918. Some of the bills
17 in question were paid by the disbursing officer as rendered and deductions made from subsequent bills for other transportation service by the Auditor for the War Department.

VI

The Auditor for the War Department, in auditing the disbursing officer's account, disallowed payments made by him on plaintiff's bills 914, 1369, 3246, 5888, and 5892 in the sum of $15,143.91, on the ground that the Government was entitled to have had its military impedimenta, transported in connection with the movement of United States troops, moved free, at the rate of one baggage car free for every 25 men in the movement. Pending settlement of the account by the auditor, plaintiff's railroad was taken over by the Government on January 1, 1918, under the act of August 29, 1916 (39 Stat. 619, 645), and the President's message of December 26, 1917, and accordingly came under the control, management, and operation of the United States Railroad Administration, by which it was operated and controlled March 1, 1920 (41 Stat. 457). The auditor deducted for alleged overpayments on corporate bills from bills of the Railroad Administration during the period of Federal control the sum of $13,035.97, and after the period of Federal control had ceased the auditor deducted for such alleged overpayments on corporate bills from Railroad Administration bills the sum of $2,107.94.

VII

The amount so deducted by the auditor from Federal bills, $15,143.91, was carried in the account corporate transactions in accordance with the provisions of General Order No. 17 on the books of the Railroad Administration, and was charged by the plaintiff on its books against the War Department. After the termination of Federal control, in accordance with General Order No. 66, the amount so deducted, $15,143.91, was charged in the account corporate transactions against the plaintiff by the Railroad Administration and was credited by the plaintiff to the Railroad Administration and charged against the War Department on its books in a suspense account to await action by the auditor or the Court of Claims.

General Orders No. 17 and No. 66, attached to these findings as Appendixes A and B, respectively, are made part of this finding by reference thereto.

VIII

On August 25, 1920, a complete settlement was made between the War Department and the Director General of Railroads of all un-

settled accounts for transportation furnished by the Railroad Administration to the War Department between January 1, 1918, and March 1, 1920, the period of Federal control of railroads, and the amount paid by the War Department to the Railroad Administration in such settlement was $38,169,294.39.

On August 26, 1920, the Comptroller of the Railroad Administration issued, with the approval of the Director General of Railroads, Accounting Circular 152, which reads:

18 "To each carrier, the properties of which were under Federal control at the termination thereof at midnight, February 29, 1920:

"A settlement has been made between the War Department and the director general for all unpaid charges for passenger and freight transportation service, including Pullman fares and demurrage charges, rendered by the director general.

"Accounting officers are directed to close into an account styled 'War Department transportation charges' all unpaid accounts against the War Department carried in the Federal books covering such transportation service and to discontinue rendering Federal bills against the War Department for services of this nature.

"The account 'War Department transportation charges' shall be closed into the administration ledger control account and reported as a special item on Form AC 512–A in the same manner as prescribed in Accounting Circular 82 for reporting other items transferred to the administration ledger control account. Record of the balance so transferred shall be kept in the Federal accounts in such detail that it may be readily audited by representatives of the Railroad Administration.

"Special attention is directed to the fact that the settlement above referred to involves the War Department only, that it does not include amounts due for the construction of tracks, service at cantonments, etc., and does not include bills rendered in the Federal accounts for transportation service performed prior to Federal control.

"Unpaid bills carried in the Federal accounts against the War Department for transportation service performed prior to Federal control shall not be closed into the account 'War Department transportation charges,' but instead shall be charged to the corporation through the account '(Name of corporation)—Corporate Transactions.' Such charges against the corporation when reported on Settlement Statement Form AC 510 shall be allocated to the quarter in which the corporation was originally credited with the amount or bill was stated in the accounts."

IX

The account of the final settlement between the Director General of Railroads and the plaintiff of July 29, 1921, made up as of May 31, 1921, reads as follows:

19 [United States Railroad Administration, Director General of Railroads]

Comparison of claim submitted by the New Orleans, Texas & Mexico Railway Co., including St. Louis, Brownsville & Mexico Railway Co., Beaumont, Sour Lake & Western Railway Co., Orange & Northwestern Railroad Co., with books of the central administration, adjusted to May 31, 1921

	Corporate claim as of May 31, 1921	Administration books as of May 31, 1921	Difference
DUE TO CORPORATION			
Compensation, $1,500,000, paid	$4,656,697.50	$3,245,901.64	$1,410,795.86
Less advances, loans, etc	1,868,850.00	1,868,850.00	
	2,787,847.50	1,377,051.64	1,410,795.86
Rental interest on completed A and B		7,823.07	7,823.07
Cash on hand Dec. 31, 1917	2,494,429.83	2,494,429.83	
Agents' and conductors' balance 12/31/17	133,809.53	133,809.53	
Assets Dec. 31, 1917, collected	1,685,449.27	1,685,449.27	
Revenue prior to Jan. 1, 1918	252,463.09	252,463.09	
Total	7,353,999.22	5,951,026.43	1,402,972.79
DUE FROM CORPORATION			
Additions and betterments	293,227.28	293,227.28	
Liabilities Dec. 31, 1917, paid	3,827,386.55	3,827,386.55	
Corporate transactions	1,024,167.93	1,024,167.93	
Expenses prior to Jan. 1, 1918	320,466.75	320,466.75	
Cash advanced on open account	350,000.00	350,000.00	
Total	5,815,248.51	5,815,248.51	
Balance due to corporation	1,538,750.71	135,777.92	1,402,972.79
OTHER ITEMS DUE TO CORPORATION			
Equipment retired	139,573.58	53,617.29	86,956.29
Road property retired and not replaced	23,373.54	11,237.04	12,136.50
Difference in price of fuel oil, 85,334.25 barrels at $1.8373	156,784.62	156,784.62	
Frisco Refrigerator Line installments on purchase price of 986 refrigerator cars	67,215.17	67,215.17	
Total	386,946.91	287,854.12	99,092.79
OTHER ITEMS DUE FROM CORPORATION			
Material and supplies (excess)	71,507.75	71,507.75	
Total	71,507.75	71,507.75	
Balance due to corporation on other items	315,439.16	216,346.37	99,092.79
Balance due to corporation	1,854,189.87	352,124.29	1,502,065.58
DEPRECIATION OBLIGATION			
Equipment	236,726.05	235,718.00	1,008.05
Total due to corporation on depreciation	236,726.05	235,718.00	1,008.05
Balance due to corporation	2,090,915.92	587,842.29	1,503,073.63
MAINTENANCE			
Way and structures, under	1,027,718.37	212,157.71	815,560.66
Equipment structures, under	1,395,455.55		1,395,455.55
Balance due to corporation on maintenance	2,423,173.92	212,157.71	2,211,016.21
Balance due to corporation	4,514,089.84	800,000.00	3,714,089.84

OFFICE OF COMPTROLLER,
July 22, 1921.

I hereby certify that this is a correct copy.

L. J. TRACY,
Comptroller, United State Railroad Administration.

MAY 21, 1924.

There was no dispute as to the amount due from plaintiff to the Railroad Administration on the account corporate transac-

20 tions, $1,024,167.93, and the same was paid in full in the final settlement. Included in the amount paid by plaintiff to the Railroad Administration in the account corporate transactions was the sum of $15,143.91 deducted from Railroad Administration bills on account of alleged overpayment of corporate bills. The only items of account of the final settlement that were compromised in reaching the lump sum settlement were those that arose out of the depreciation and retirement of equipment and the maintenance of both roadway and equipment.

X

When the final settlement was effected an agreement was entered into on July 29, 1921, between James C. Davis, Director General of Railroads and Agent of the President, acting on behalf of the United States, and the St. Louis, Brownsville and Mexico Railway Co. and other affiliated companies, through the president acting for each, the material parts of which read:

"The said companies hereby acknowledge payment of the sum of eight hundred thousand dollars ($800,000) by the said director general, the receipt whereof is hereby acknowledged, in full satisfaction and discharge of all claims, rights, and demands, of every kind and character, which the said companies, both jointly and severally, now have or hereafter may have or claim against the director general, or anyone representing or claiming to represent the director general, the United States, or the President, growing out of or connected with the possession, use, and operation of the companies' property by the United States during the period of Federal control; and the said companies hereby, both jointly and severally, acknowledge the return to the receipt by them of all their property and rights which they are entitled to, and further acknowledge that the director general has fully and completely complied with and satisfied all obligations, on his part, or on the part of the United States, or the United States Railroad Administration, growing out of Federal control.

"The purpose and affect of this instrument is to evidence a complete and final settlement of all demands, of every kind and character, as between the parties hereto growing out of the Federal control of railroads * * *."

The settlement agreement of July 29, 1921, is attached to these findings as Appendix C and is made part hereof by reference thereto.

Conclusion of law

Upon the foregoing finding of fact the court decides, as a conclusion of law, that the plaintiff is entitled to recover the sum of $15,143.91 mentioned in Findings VII and IX.

It is therefore adjudged and ordered that the plaintiff recover of and from the United States the sum of fifteen thousand one hundred forty-three dollars and ninety-one cents ($15,143.91).

See Reading Company, No. 34747, 60 C. Cls. —; Southern Railway Co., No. B–118, 60 C. Cls. —; and New York, New Haven & Hartford R. R. Co., No. B–44, 60 C. Cls. —.

20½ In Court of Claims of the United States

No. A–236

THE ST. LOUIS, BROWNSVILLE & MEXICO RY. CO.

v.

THE UNITED STATES

Appendices A, B, and C

21 APPENDIX A

United States Railroad Administration, Director General of Railroads

GENERAL ORDER NO. 17

WASHINGTON, D. C., *April 3, 1918.*

To chief executive officers of carriers subject to Federal control:

It is hereby ordered that the following rules and regulations shall be observed and shall govern the recording of and accounting for all transactions which arise during Federal control:

(1) For accounting purposes Federal control began as of January 1, 1918. Immediate steps shall be taken by each carrier subject thereto, to open new and separate books of accounts, such as cash books, general and subsidiary ledgers and journals, and all supporting and subsidiary books and records incident thereto, upon which shall be recorded transactions which arise under and are incident to Federal control on and after January 1, 1918. Such books shall be designated and are hereinafter referred to as "Federal books."

(2) The totals of the accounts "Cash," "Demand loans and deposits," and "Time drafts and deposits" appearing on the corporation's books as of December 31, 1917, shall be transferred to the Federal books, debited to accounts of the same titles, and credited to a deferred liability account styled "(Name of corporation)—Cash—December 31, 1917." On the corporate books the amount of such balances should be transferred to a deferred asset account styled "U. S. Government—Cash—December 31, 1917." All cash transactions subsequent to December 31, 1917, relating to operations prior or subsequent thereto, shall be recorded in the Federal cash book opened as of January 1, 1918.

(3) The total of account "Net balance receivable from agents and conductors" appearing on the corporation's books as of December

31, 1917, shall be transferred to the Federal books, debited to an account of the same title, and credited to a deferred liability account styled "(Name of corporation)—Agents' and conductors' balances—December 31, 1917." On the corporate books the amount of such balances should be transferred to a deferred asset account styled "U. S. Government—Agents' and conductors' balances—December 31, 1917."

(4) The total of account "Materials and supplies" appearing on the corporation's books as of December 31, 1917, shall be transferred to the Federal books, debited to an account of the same title, and credited to a deferred liability account styled "(Name of corporation)—Materials and supplies—December 31, 1917." On the corporate books the amount of such balance should be transferred to a deferred asset account styled "U. S. Government—Material and supplies—December 31, 1917."

(5) In addition to the assets above specified, there shall be likewise transferred to the Federal books and similarly recorded thereon, such other working assets of the corporation as may be mutually agreed upon.

(6) There shall be currently entered, upon such Federal books, in the manner and under the rules and regulations prescribed by the Interstate Commerce Commission or which may hereafter be prescribed, all transactions involving revenues, expenses, taxes and rentals, and other items corresponding to those which constitute the basis upon which the standard return to the carrier shall be determined. Such entries shall include corresponding assets and liabilities and the cash settlement thereof; also all transactions involving materials and supplies subsequent to December 31, 1917.

22 . (7) Transactions of the corporation, including those arising out of cash receipts or disbursements, which do not affect or which do not enter into and form a part of those used in determining the basis of standard return, such as interest and dividends received or paid, miscellaneous rents, and other similar corporate transactions, including additions and betterments, shall not be recorded on or passed through such Federal books unless such transactions be negotiated and conducted for account of the corporation by or under the direction of the director general. Where such income transactions are negotiated and conducted by or under the direction of the director general the transactions shall be recorded on the Federal books but credited or charged to an account to be opened, styled "(Name of corporation)—Corporate income transactions." Concurrently, corresponding entries should be made on the corporate books charging or crediting the accounts prescribed by the Interstate Commerce Commission or which may hereafter be prescribed, the offset being in an account styled "U. S. Government—Corporate income transactions." Where additions and betterments are made by or under the direction of the director general, the expenditures shall

be charged on the Federal books to a deferred asset account " (Name of corporation)—Additions and betterments." Concurrently, entries should be made on the corporate books, charging the appropriate accounts and crediting a deferred liability account "U. S. Government—Additions and betterments."

(8) Current or operating assets, other than those prescribed in paragraphs (2), (3), (4) and (5) hereof, such as, balances due from individuals and companies, and liabilities, such as, vouchers, payrolls, etc., which were due to or by the corporation as of December 31, 1917, shall not be transferred in detail to the Federal books; but as and when such assets are collected or the liabilities are paid, they shall be credited or debited as the case may be, on the Federal books to a deferred liability account styled " (Name of corporation)—Assets, December 31, 1917, collected," or to a deferred asset account " (Name of corporation)—Liabilities, December 31, 1917, paid." There should be concurrently made, on the corporate books corresponding entries debiting and crediting the U. S. Government with assets collected and liabilities paid.

(9) Transactions relating to operations, as defined in paragraph (6) hereof, if not previously accrued, shall be included in and shall form a part of the operating results of each carrier regardless of the date thereof. Items clearly applicable to the period prior to January 1, 1918, commonly called "lap-overs," shall be ascertained currently, set up on the Federal books, and included in the appropriate accounts as heretofore. At the end of each month, the total of "lap-over" credit items shall be charged to an unadjusted debit account styled "Revenue prior to January 1, 1918," and credited to a deferred liability account styled " (Name of corporation)—Revenue prior to January 1, 1918." The total of "lap-over" debit items shall be credited to an unadjusted credit account styled "Expense prior to January 1, 1918," and charged to a deferred asset account styled "(Name of corporation)—Expense prior to January 1, 1918." Operating revenues which have been accrued currently in accordance with the established practice of the carrier, shall be considered as current revenues and not as "lap-over" items.

(10) The accounts between the U. S. Government and the corporation, for which provision is made herein, shall be adjusted in such manner as may be hereafter agreed upon.

(11) Inquiries as to the interpretation and application of the provisions of this order and the procedure to be observed under its requirements shall be addressed to the Director of Public Service and Accounting.

W. G. McAdoo,
Director General of Railroads.

23

APPENDIX B

UNITED STATES RAILROAD ADMINISTRATION,
Washington, February 24, 1920.

GENERAL ORDER NO. 66

To provide accounting procedure incident to the termination of Federal control and to reestablish as of the end of Federal control the instructions relative to allocation of revenues and expenses as between the United States Railroad Administration and the corporations, applied as of the beginning of Federal control, it is ordered that the following regulations be observed in accounting for transactions relating to the Federal control of transportation systems:

1. Books and accounts

The separate books of account, such as the Federal Treasurer's cash book, the general and the necessary subsidiary ledgers and journals, and all supporting books and records relating thereto, upon which are recorded transactions incident to Federal control and which have been designated as "Federal books," shall be continued in use after February 29, 1920, for the purpose of recording therein Federal control transactions after the period of Federal operation ceases and until further orders. Transactions arising out of operations subsequent to February 29, 1920, shall not be entered on the Federal books, but should be entered on the corporate books; likewise all transactions not previously accounted for either on the Federal or corporate books relating to the period prior to Federal contral should be entered on the corporate books and shall be omitted from the Federal books.

2. Cash

(a) The Federal Treasurer's cash book, in which is recorded the balance of cash on hand February 29, 1920, shall be continued in use after that date until further ordered, and all Federal control cash transactions arising after the end of Federal control shall be entered in such cash book in accordance with instructions here following.

(b) The total of the amount of cash, if any, transferred to the corporation from the cash in the hands of the Federal Treasurer in accordance with General Order No. 68 shall be charged on the Federal books to a deferred asset account styled "(Name of corporation)—Federal cash, February 29, 1920." The amount of such cash transferred should be entered in the corporate cash book, and
24 on the corporate general books should be debited to the appropriate account or accounts and credited to a deferred liability account styled "U. S. Government—Federal cash, February 29, 1920."

(c) The balance in the account appearing on the Federal books representing cash in transit applicable to accounts for the period prior to March 1, 1920, shall be charged on such books to a current asset account styled "(Name of corporation)—Federal cash in transit, February 29, 1920." On the corporate books corresponding entry should be made, debiting the appropriate account or accounts and crediting a current liability account styled "U. S. Government—Federal cash in transit, February 29, 1920." When such cash is received by the corporation it shall be paid over daily into the Federal cash account and entered on the Federal books as a credit to the account styled "(Name of corporation)—Federal cash in transit, February 29, 1920." On the corporate books corresponding entry should be made debiting the account "U. S. Government—Federal cash in transit, February 29, 1920."

(d) When cash is realized from assets of the Director General the amount thereof shall be credited through the Federal cash book to the proper accounts. This refers to assets recorded as of February 29, 1920, and those subsequently recorded on the Federal books. This cash shall not be entered on the corporate books in any manner, except as provided in 2 (c), 2 (f) and section 7.

(e) All authorized payments of liabilities of the Director General made out of Federal cash shall be charged on the Federal cash book to the proper accounts. Such payment should not be entered on the corporate books in any manner, except as provided in section 7.

(f) On and after March 1, 1920, all remittances (except those deposited in the Federal cash and accounted for as applicable to the agents' and conductors' accounts for February, 1920) received from agents and conductors shall, in the first instance be entered in the corporate cash book and credited to the appropriate accounts on the corporate general books. To the extent that items standing in the account "Agents' and conductors' balances" as of February 29, 1920, are included in such remittances, the amount shall be reported to the accounting department and the aggregate paid over daily into the Federal cash. Such payments should be charged on the corporate books to the account "U. S. Government—Agents' and conductors' balances, Federal, February 29, 1920." On the Federal books the payments shall be charged to "Cash" and credited to the account "(Name of corporation)—Agents' and conductors' balances, Federal, February 29, 1920." This method of daily settlements shall apply to agents and conductors' unremitted cash on hand at midnight February 29, 1920, and to all collections made by agents and conductors during the month of March, 1920, applicable to balances of February 29, 1920. The balance in the account "(Name of corporation)—Agents' and conductors' balances, Federal, February 29, 1920," after such collections have been credited thereto shall be treated as an open account, includible on quarterly settlement Form AC–510.

3. Agents' and Conductors' Balances

(a) The total of the accounts representing amounts carried as due from agents and conductors appearing on the Federal books as of February 29, 1920, shall be transferred to the corporate books and debited on the Federal books to an account styled "(Name of corporation)—Agents' and conductors' balances, Federal, February 29, 1920." On the corporate books the amount of such balances should be debited to the appropriate account or accounts and credited to a deferred liability account styled "U. S. Government—Agents' and conductors' balances, Federal, February 29, 1920."

(b) Any portion of the balance in the account representing agents' and conductors' balances at December 31, 1917, credited on the Federal books to the account "(Name of corporation)—Agents' and conductors' balances, December 31, 1917," which was subsequently transferred from the agents' and conductors' accounts to accounts receivable, or other asset or liability accounts, other than those prefixed with the name of the corporation, or is in the balances carried to the account "(Name of corporation)—Agents' and conductors' balances, Federal, February 29, 1920," and is uncollected as of February 29, 1920, shall also be transferred on the Federal books to the account "(Name of corporation)—Agents' and conductors' balances, December 31, 1917." On the corporate books the amount should be debited to the appropriate accounts and credited to the account "U. S. Government—Agents' and conductors' balances, December 31, 1917."

(c) If amounts representing advances and prepaid charges on waybills outstanding December 31, 1917, were transferred to the Federal books, the balances in the advances and prepaid accounts shall be transferred to the corporate books, and on the Federal books included in the account "(Name of corporation)—Agents' and conductors' balances, Federal, February 29, 1920." On the corporate books the amount should be carried to the proper account or accounts, and should be included in the account "U. S. Government—Agents' and conductors' balances, Federal, February 29, 1920."

If amounts of advances and prepaid charges on waybills dated prior to January 1, 1918, transferred from the corporate to the Federal books and included in the account "(Name of corporation)—Agents' and conductors' balances, December 31, 1917," are outstanding as of February 29, 1920, the amounts thereof shall on the Federal books be transferred from the account "(Name of corporation)—Agents' and conductors' balances, Federal, February 29, 1920," to the account "(Name of corporation)—Agents' and conductors' balances, December 31, 1917." On the corporate
26 books such amounts should be transferred from the account "U. S. Government—Agents' and conductors' balances, Federal, February 29, 1920," to the account "U. S. Government—Agents' and conductors' balances, December 31, 1917." The amounts to be transferred to the account "(Name of corporation)—Agents' and conductors' balances, December 31, 1917," provided in paragraphs

(b) and (c) of this section, shall be reported on Form AC–510 as for the first quarter of 1918.

(d) In the event that amounts included in the account "U. S. Government—Agents' and conductors' balances, Federal, February 29, 1920," set up on the corporate books as provided in paragraph 3 (a) hereof are later found to be chargeable to such accounts as "Material and supplies," "Additions and betterments," "Individuals and companies," or other accounts on or properly includible on the Federal books, entry should be made on the corporate books charging the account "U. S. Government—Agents' and conductors' balances, Federal, February 29, 1920," crediting the amount thereof to agents' and conductors' accounts. On the Federal books an entry covering such items shall be made charging the appropriate account or accounts and crediting the account "(Name of corporation)—Agents' and conductors' balances, Federal, February 29, 1920." Amounts relating to material and supplies shall be, on the Federal books, charged to the account "(Name of corporation)—Federal material and supplies, February 29, 1920," instead of to "Material and supplies." An additional entry on the corporate books should be made in respect to the amounts chargeable to "Material and supplies" account, debiting "Material and supplies" account and crediting "U. S. Government—Federal material and supplies, February 29, 1920."

4. Material and supplies

(a) The total of the account "Material and supplies" appearing on the Federal books as of February 29, 1920, shall be transferred to the corporate books and debited to a deferred asset account on the Federal books styled "(Name of corporation)—Federal material and supplies, February 29, 1920." On the corporate books the amount of such balance should be charged to the appropriate account and credited to a deferred liability account styled "U. S. Government—Federal material and supplies, February 29, 1920."

(b) All material and supplies received prior to March 1, 1920, shall be accounted for in the Federal books. All invoices for such material and supplies referred to in the previous sentence as are vouchered after the close of the accounts for the month of February, 1920, shall be covered by Federal form vouchers and the cost of all such material and supplies shall be added to the account "(Name of corporation)—Federal material and supplies, February 29, 1920." On the corporate books the amount of such vouchers should be charged to appropriate account for material and supplies and credited to the account "U. S. Government—Federal material and supplies, February 29, 1920."

27 (c) Amounts paid prior to March 1, 1920, for material and supplies not received at midnight February 29, 1920, shall not be included on the Federal books in the account representing stock of material and supplies or in the account "(Name of corpora-

tion)—Federal material and supplies, February 29, 1920." Neither shall material represented thereby be included in the inventory taken in accordance with the provisions of General Order No. 62. Such amounts shall instead be charged on the Federal books to an appropriate deferred asset account.

When the material and supplies therefor are received, or used by the corporation, the amounts shall, on the Federal books, be charged to the corporation through a deferred asset account styled "(Name of corporation)—Federal assets collected," and should, on the corporate books, be charged to the appropriate account and credited to a deferred liability account styled "U. S. Government—Federal assets collected."

(d) Material and supplies ordered prior to March 1, 1920, received and paid for by the corporation subsequent to February 29, 1920, shall not be entered in the Federal accounts in any manner.

5. Other accounts transferred

(a) In addition to the asset accounts above specified, there shall be likewise transferred to the corporate books other asset accounts of the Federal administration, similar to those sundry asset accounts which were taken over on the Federal books in the separation of accounts at the beginning of Federal control or subsequent thereto. The items here referred to are such as: Insurance premiums paid in advance, taxes paid in advance. Additional items of miscellaneous assets (for example, material loaned or leased), or liabilities, should be similarly transferred as may be mutually agreed upon.

Subsequent to February 29, 1920, cash vouchers should not be made for reimbursement of working funds expended during February, 1920, and previous months, but if such expenditures are approved the amounts thereof shall, on the Federal books, be charged to the appropriate accounts and credited to the working-fund account. It is suggested that the corporation take over the balance of cash in working funds by paying the aggregate amount thereof into the Federal cash.

Hospital and other funds for which the railroad is custodian shall be disposed of in accordance with General Order No. 68.

If during the period of Federal operations amounts representing overcharge freight claims paid out of Federal funds, affecting traffic, the revenues from which were included in corporation revenue or credited to it as lap-over revenue on the Federal books, or amounts representing loss and damage claims paid out of Federal funds chargeable to the period prior to Federal control, were carried on the Federal books in suspense accounts pending adjustment thereof with other carrier corporations, or pending receipt of additional information wherewith to dispose of the amounts carried, and such amounts are carried in suspense account as of February 29, 1920, they shall be charged to the corporation. Such amounts shall on the Federal books be charged to the account

"(Name of corporation)—Corporate transactions" and on the corporate books should be charged to an appropriate suspense account and credited to the account "U. S. Government—Corporate transactions."

(b) The value of mileage scrip introduced during Federal control, sold on or prior to February 29, 1920, and honored subsequently, shall be credited on the Federal books to the account "(Name of corporation)—Federal mileage scrip" and entry should be made on the corporate books charging "U. S. Government—Federal mileage scrip." Such scrip collection should not be destroyed until the account has been audited by Administration accountants, or unless permission is obtained from the Comptroller of the Railroad Administration. If in the establishment of accounts at the beginning of Federal control the mileage liability on the corporate books was made subject to an equitable adjustment when it appeared that no further mileage would be presented, a similar arrangement will be made as to the balance on the Federal books as of February 29, 1920.

6. Allocation of revenues and expenses

(a) Railway operating revenues and taxes shall be allocated to the period of Federal and corporate operations in accordance with the provisions of the standard agreement.

(b) Railway operating expenses, reparation and other claims, hire of equipment and joint facility rents, and any other accounts (except as provided in par. (a)), which constitute the basis of the standard return, shall be allocated with reference to the time when incurred as between the period of Federal control and the period prior and subsequent thereto.

7. Recording Federal control transactions and lap-over revenues and expenses

(a) There shall be entered currently after February 29, 1920, upon the Federal books referred to in section 1 hereof, record of all transactions arising out of Federal control.

(b) Bills for accounts collectible and vouchers for accounts payable covering all transactions arising out of Federal operations shall be prepared, respectively, on United States Railroad Administration bill and voucher forms, recorded in the appropriate Federal bill and voucher registers, and charged or credited on the Federal books to the appropriate accounts.

29 (c) It is desired that transactions arising out of Federal control should not be entered in the corporate books in any manner; likewise it is desired that corporate transactions should not be included in the Federal accounts. However, it may be necessary in exceptional cases, as in the case of interline freight and passenger transactions, to include Federal transactions in the corporate accounts or corporate transactions in the Federal accounts. In such cases the amounts due to or from the Federal management should

be credited on the corporate books to a deferred liability account styled "U. S. Government—Federal assets collected" or debited to a deferred asset account styled "U. S. Government—Federal liabilities paid," as may be appropriate. In the Federal books such amounts shall be included, as may be appropriate, in a deferred liability account styled "(Name of corporation)—Federal liabilities paid" or in a deferred asset account styled "(Name of corporation)—Federal assets collected."

The net amount of cash realized or paid in settlement of lap-over revenues and expenses of the Federal period should be ascertained and appropriate cash settlement made monthly. The amounts thereof shall be entered on the Federal cash books and shall be debited or credited as may be appropriate to the accounts "(Name of corporation)—Federal assets collected" or "(Name of corporation)—Federal liabilities paid." Corresponding contra-entries should be made on the corporate books.

(d) If Federal revenue and expense items are reported and included in the revenue or expense accounts stated on the corporate books, as in the case of interline freight accounts, such amounts shall be accumulated in monthly totals from the corporate book records and accounted for as follows:

The total credit to the Federal income accounts should be charged on the corporate books to the appropriate primary revenue accounts and credited to the Federal management through the account "U. S. Government—Federal assets collected."

On the Federal books the same amounts shall be charged to the corporation through the account "(Name of corporation)—Federal assets collected" and credited to the appropriate primary revenue account.

The total debit to the Federal income accounts should be credited on the corporate books to the appropriate expense or other accounts and charged to the Federal management through the account "U. S. Government—Federal liabilities paid."

On the Federal books the same amounts shall be credited to the corporation through the account "(Name of corporation)—Federal liabilities paid" and charged to the primary operating expenses or other accounts.

(e) In order to preserve the continuity of the income accounts and statistics of carriers, that such income accounts and statistics
30 may be complete, and that there shall not be omitted therefrom amounts which would have been included in the appropriate accounts had there been no Federal control of railroads, at the end of each audit month, the total of the amounts, appearing on the Federal books, charged and credited to the accounts forming the basis upon which the standard return was determined, should be charged and credited on the corporate books to the appropriate primary revenue, expense or income accounts and debited or credited to subaccounts of Income Accounts Nos. 519 and 551, as the case may

be, styled "Revenues Federal" or "Expenses Federal," as may be appropriate. No corresponding adjusting entry shall be made on the Federal books of the individual carriers. Such an entry will be made in Washington based on the aggregate totals of the monthly reports made in response to the provisions of Accounting Circular No. 82.

8. Monthly and quarterly reports

Monthly and quarterly reports in accordance with provisions of Accounting Circulars Nos. 55 and 82, shall be rendered until the accounts on the Federal books are completely liquidated or adjusted, or until otherwise ordered.

The balances on the Federal books in all accounts prefixed with the name of the corporation authorized by this order shall be closed monthly to "Administration ledger control account" in accordance with Accounting Circular No. 82 and, except as to the account "(Name of corporation)—Federal material and supplies, February 29, 1920," shall be reported on Form AC–510 in accordance with Accounting Circular No. 55.

9. General

Where the property was taken over for Federal operation at a date subsequent to December 31, 1917, the date as of which such property was taken over should be substituted for December 31, 1917, wherever mentioned in this order.

The foregoing instructions shall not apply as to those lines of railroads in the United States under Federal operation at midnight February 29, 1920, that are operated thereafter as parts of a common carrier system or systems in countries adjacent to the United States, and whose treasurer and accounting officer and general accounts are located in those countries. In such cases special instructions will be given by the Comptroller.

Inquiries as to the interpretation and application of the provisions of this order and the procedure to be observed under the requirements shall be addressed to Mr. Geo. H. Parker, Comptroller.

WALKER D. HINES,
Director General of Railroads.

31 UNITED STATES RAILROAD ADMINISTRATION,
Washington, June 11, 1920.

GENERAL ORDER NO. 66–A

Paragraph (e) of section 7 of General Order No. 66 is hereby cancelled.

JOHN BARTON PAYNE,
Director General of Railroads.

32 APPENDIX C

FINAL SETTLEMENT

This agreement, entered into this 29th day of July, A. D. 1921, by and between James C. Davis, Director General of Railroads and Agent of the President, acting on behalf of the United States and the President, hereinafter called the "director general," and the New Orleans, Texas and Mexico Railway Company, the St. Louis, Brownsville and Mexico Railway Company, the Beaumont, Sour Lake and Western Railway Company, the Orange and Northwestern Railroad Company, New Iberia & Northern Railroad Company, and Iberia, St. Mary & Eastern Railway Company, hereinafter called the "companies," witnesseth:

The said companies hereby acknowledge payment of the sum of eight hundred thousand dollars ($800,000.00) by the said director general, the receipt whereof is hereby acknowledged, in full satisfaction and discharge of all claims, rights, and demands of every kind and character, which the said companies, both jointly and severally, now have or hereafter may have or claim against the director general, or any one representing or claiming to represent the director general, the United States, or the President, growing out of or connected with the possession, use, and operation of the companies' property by the United States during the period of Federal control; and the said companies hereby, both jointly and severally, acknowledge the return to and receipt by them of all their property and rights which they are entitled to, and further acknowledge that the director general has fully and completely complied with and satisfied all obligation on his part, or on the part of the United States, or the United States Railroad Administration, growing out of Federal control.

The purpose and effect of this instrument is to evidence a complete and final settlement of all demands, of every kind and character, as between the parties hereto growing out of the Federal control of railroads, save and except that the following matters are not included in this adjustment and are not affected thereby:

Exceptions

1. The obligation on the part of the companies, as expressed in the standard form of contract between the director general and the railroads, as to the conduct of litigation arising out of Federal control (except as to claims and suits of carriers against the director general or the United States), as same is stated in paragraph (f) of section 9 of said contract, or as heretofore agreed to by the companies, is to continue, and is not affected by this settlement.

2. This settlement does not include or affect any moneys or assets of the director general turned over to the companies pursuant to General Order No. 68, the account created by this order to be adjusted as though this agreement had not been made.

33 3. This settlement does not include the obligations of the director general assumed in paragraphs (i) and (j) of section 4 of said standard contract, to save the companies harmless as to claims, if any, of third persons, or the obligations of the director general in respect to the payment of taxes under section 6 of the contract.

In witness whereof, the parties to this agreeemnt have duly signed, sealed, and executed same in triplicate, such agreement being duly executed by the president of each of said companies and attested by the secretary, with the corporate seal hereto annexed, and the said president of each of said companies hereby certifies that he has been duly authorized to execute and deliver this agreement on the part of each of said companies by a vote of the respective boards of directors of said companies.

(S) JAMES C. DAVIS, [SEAL.]
Director General of Railroads and Agent of the President.

NEW ORLEANS, TEXAS AND MEXICO RAILWAY COMPANY,
(S) By J. S. PYEATT, [SEAL.]
President.

Attest:
(S) A. T. COLE,
Assistant Secretary.

THE ST. LOUIS, BROWNVILLE AND MEXICO RAILWAY COMPANY,
(S) By J. S. PYEATT, *President.* [SEAL.]

Attest:
(S) A. T. COLE,
Secretary.

34 VI. *Judgment*

At a Court of Claims held in the city of Washington on the 5th day of January, A. D. 1925, judgment was ordered to be entered as follows:

The court, upon due consideration of the premises, find in favor of the plaintiff, and do order and adjudge that the plaintiff, as aforesaid, is entitled to recover and shall have and recover of and from the United States the sum of fifteen thousand one hundred and forty-three dollars and ninety-one ($15,143.91).

BY THE COURT.

VII. *Petition for appeal*

Filed April 3, 1925

From the judgment rendered in the above-entitled cause on the 5th day of January, 1925, in favor of claimant, the defendants, by

their Attorney General, on the 3rd day of April, 1925, make application for, and give notice of, an appeal to the Supreme Court of the United States.

HERMAN J. GALLOWAY,
Assistant Attorney General.

VIII. *Order allowing appeal*

It is ordered by the court this 18th day of April, 1925, that the defendant's application for appeal be and the same is allowed.

35 In Court of Claims of the United States

[Title omitted.]

I, F. C. Kleinschmidt, assistant clerk, Court of Claims, certify that the foregoing are true transcripts of the pleadings in the above-entitled cause, of the history of proceedings, of the submission of case, of the findings of fact and conclusion of law entered by the court, of the judgment of the court, of the defendant's application for appeal, and of the order of the court allowing said application.

In testimony whereof I have hereunto set my hand and affixed the seal of said court at Washington this 18th day of April, A. D. 1925.

[SEAL.]

F. C. KLEINSCHMIDT,
Assistant Clerk, Court of Claims.

[Indorsement on cover:] File No. 31104. Court of Claims. Term No. 404. The United States, appellant, vs. the St. Louis, Brownsville & Mexico Railway Company. Filed April 30th, 1925. File No. 31104.

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